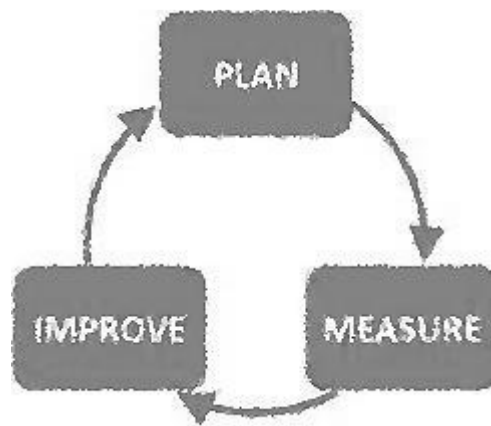


# Strategic Planning Fundamentals



*If you don't know where you're going, you'll probably end up somewhere else. David Campbell*

1. You and your group/team need to establish a framework in order to succeed.
  - a) What is your vision for the future? What is your personal vision?
  - b) What is your mission? This defines what you are doing. What is your personal mission? Do your mission and vision statements align with the team's statements? This should not be static but create a "capacity to engage in principle-centered strategic thinking for years to come." (Cagna and Notter)
  - c) What are your values? These shape your actions, and vice versa.
  - d) What are your strategies? "Strategies are the broadly defined four or five key approaches the organization will use to accomplish its mission and drive toward the vision. Goals and action plans usually flow from each strategy." An example might be, "Broaden the base of people in the county who volunteer in emergency management." (Susan M. Heathfield)
  
2. Keep it simple and flexible!

- a) “Most strategic plans don't work. They involve too much paper, too much time, too many nodding heads, and far too many poorly informed so-called experts.”

James F. Hollan

- b) Technology has changed timelines. Events tend to play out more quickly. Be able “to respond quickly without moving through layers of committees for approval to adjust the plan.” Remember the difference between “strategic” and “tactical” planning. “*Strategic* thinking, planning, and actions reflect the doer's ability to consider the big picture, recognize patterns and trends, honor priorities, anticipate issues, predict outcomes, and have smart alternatives to fall back upon. Strategic issues deal with overriding mission and purpose, why the organization exists, how it makes a difference that others don't or can't make, and where it will be in the future. *Tactical* refers to the hands-on part of getting the job done, making sure the strategic goals are met. It's performing each implementation task with quality and efficiency.” <http://www.mentoringgroup.com/mentees.html> There must be balance. Strategic planning can't begin and end with a static document. It has to bend and flex with the forces that shape the future.

<http://www.asaecenter.org/PublicationsResources/EUArticle.cfm?ItemNumber=1463>

- c) “Strategic planning, when used by association CEOs and boards as a mechanism of control, prevents associations from leveraging all of its potential in the name of value creation for members, customers, and stakeholders ... (P)eople in organizations rarely make important decisions based on what's written in the latest plan. Rather, they are guided by the flow of events, as well as by organizational

traditions, norms, and culture. Strategies are more likely to be advanced by internal needs and expectations of success that are established dynamically, over time, in every corner of the organization. For strategy to be successful, execution and the culture that drives it must receive as much attention as strategy development. In fact, they must be fully integrated.” What principles shape your group/team’s strategic decision making? See James G. Dalton below.



## Dalton's Four Elements of Strategy

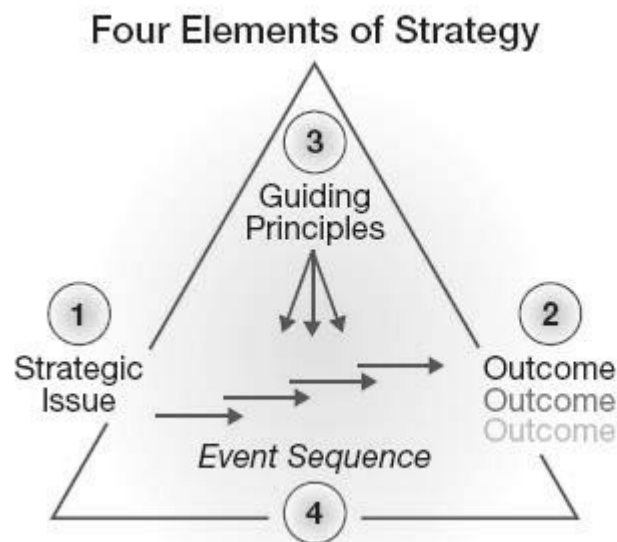


Figure 3

First is the issue or the motive to act. Keep it simple and focused. The issue will change as you become more familiar with it and the dynamics of the issue itself change over time.

Second are the outcome measures. How will you know you are succeeding? These may be dynamic as well as the situation changes.

Third involves boundaries and principles – who are responsible for what and at what levels. You need to be flexible but also stay within the rules.

Four is the action plan that defines the tasks necessary to achieve the outcome in a manner that respects the principles.

Dalton's full article can be found at

<http://www.asaecenter.org/PublicationsResources/JALArticleDetail.cfm?ItemNumber=19978>

## **Qualitative and Quantitative Data**

Qualitative data is non-numerical data. It may consist of interviews, direct observations, or a review of documentation.

Quantitative data is numerical data or data which can be quantified.

## Other Resources

- Strategic Planning in nonprofit and for-profit organizations - [http://managementhelp.org/plan\\_dec/str\\_plan/str\\_plan.htm](http://managementhelp.org/plan_dec/str_plan/str_plan.htm)
- Association for Strategic Planning - <http://www.strategyplus.org/>

## The Ins and Outs of Outcome Measuring

Jonathan Walters has written about outcomes in his books Measuring Up and Measuring Up 2.0.

In the latter, he gives seven reasons as to why people tend to oppose measuring outcomes (with answers to each).

- 1) We already did that.
- 2) Performance measures are inherently unfair.
- 3) Performance measurement is going to invite unfair comparisons.
- 4) It's a great idea, but what happens when this administration gets tossed out?
- 5) There is no way to measure what I do.
- 6) My agency has conflicting missions.
- 7) I still don't want to.

Defining outcomes and defining how to measure those outcomes is perhaps the critical piece of strategic planning. What follows is a primer on performance measuring from the US government.

<http://govinfo.library.unt.edu/npr/library/resource/gprapmr.html>

### **Office Of Management and Budget**

### **PRIMER ON PERFORMANCE MEASUREMENT**

(Revised February 28, 1995)

This "primer" defines several performance measurement terms, outlines areas or functions where performance measurement may be difficult, and provides examples of different types of performance measures.

## I. Definition of Terms

No standard definitions currently exist. In this primer, the definitions of output and outcome measures are those set out in GPRA. Input measures and impact measures are not defined in GPRA. As GPRA is directed at establishing performance goals and targets, the definitions are prospective in nature. Variations or divisions of these definitions can be found in other Federal programs as well as non-Federal measurement taxonomies. For example, a measurement effort which retrospectively reports on performance might define "input" as resources consumed, rather than resources available. The nomenclature of measures cannot be rigidly applied; one agency's output measure (e.g., products produced) could be another agency's input measure (e.g., products received).

### **OUTCOME MEASURE**

**GPRA Definition:** An assessment of the results of a program compared to its intended purpose.

#### **Characteristics:**

Outcome measurement cannot be done until the results expected from a program or activity have been first defined. As such, an outcome is a statement of basic expectations, often grounded in a statute, directive, or other document. (In GPRA, the required strategic plan would be a primary means of defining or identifying expected outcomes.)

Outcome measurement also cannot be done until a program (of fixed duration) is completed, or until a program (which is continuing indefinitely) has reached a point of maturity or steady state operations.

While the preferred measure, outcomes are often not susceptible to annual measurement. (For example, an outcome goal setting a target of by 2005, collecting 94 percent of all income taxes annually owed cannot be measured, as an outcome, until that year.) Also, managers are more likely to primarily manage against outputs rather than outcomes.

- The measurement of incremental progress toward a specific outcome goal is sometimes referred to as an intermediate outcome. (Using the example above, a target

of collecting 88 percent of taxes owed in 2002 might be characterized as an intermediate outcome.)

## **OUTPUT MEASURE**

**GPRA Definition:** A tabulation, calculation, or recording of activity or effort that can be expressed in a quantitative or qualitative manner.

### **Characteristics:**

The GPRA definition of output measure is very broad, covering all performance measures except input, outcome or impact measures. Thus it covers output, per se, as well as other measures.

- Strictly defined, output is the goods and services produced by a program or organization and provided to the public or to other programs or organizations.
- Other measures include process measures (e.g., paperflow, consultation), attribute measures (e.g., timeliness, accuracy, customer satisfaction), and measures of efficiency or effectiveness.
- Output may be measured either as the total quantity of a good or service produced, or may be limited to those goods or services with certain attributes (e.g., number of timely and accurate benefit payments).

Some output measures are developed and used independent of any outcome measure.

All outputs can be measured annually or more frequently. The number of output measures will generally exceed the number of outcome measures.

In GPRA, both outcome and output measures are set out as performance goals or performance indicators.

- GPRA defines a ***performance goal*** as a target level of performance expressed as a tangible, measurable objective, against which actual performance can be compared, including a goal expressed as a quantitative standard, value, or rate.

e.g., A goal might be stated as "Improve maternal and child health on tribal reservations to meet 95 percent of the national standards for healthy mothers and children by 1998". (Note that this goal would rely on performance indicators (see below) to be measured effectively.)



- GPRA defines a *performance indicator* as a particular value or characteristic used to measure output or outcome.

e.g., Indicators for the maternal and child health goal above might include morbidity and mortality rates for this population cohort, median infant birth weights, percentages of tribal children receiving full immunization shot series, frequency of pediatric checkups, etc.

- Performance goals which are self-measuring do not require separate indicators.

e.g., A performance goal stating that the FAA would staff 300 airport control towers on a 24 hour basis in FY 1996.

## **IMPACT MEASURE**

**Definition:** These are measures of the direct or indirect effects or consequences resulting from achieving program goals. An example of an impact is the comparison of actual program outcomes with estimates of the outcomes that would have occurred in the absence of the program.

### **Characteristics:**

Measuring program impact often is done by comparing program outcomes with estimates of the outcomes that would have occurred in the absence of the program.

- One example of measuring direct impact is to compare the outcome for a randomly assigned group receiving a service with the outcome for a randomly assigned group not receiving the service.

If the impacts are central to the purpose of a program, these effects may be stated or included in the outcome measure itself.

- Impacts can be indirect, and some impacts are often factored into cost-benefit analyses. An outcome goal might be to complete construction of a large dam; the impact of the completed dam might be reduced incidence of damaging floods, additional acreage converted to agricultural use, and increased storage of clean water supplies, etc.

The measurement of impact is generally done through special comparison-type studies, and not simply by using data regularly collected through program information systems.

## **INPUT MEASURE**

**Definition:** Measures of what an agency or manager has available to carry out the program or activity: i.e., achieve an outcome or output. These can include: employees (FTE), funding, equipment or facilities, supplies on hand, goods or services received, work processes or rules. When calculating efficiency, input is defined as the resources *used*.

### **Characteristics:**

Inputs used to produce particular outputs may be identified through cost accounting. In a less detailed correlation, significant input costs can be associated with outputs by charging them to the appropriate program budget account.

Often, a physical or human resource base (e.g., land acreage, square footage of owned buildings, number of enrollees) at the start of the measurement period is characterized as an input.

- Changes to the resource base (e.g., purchase of additional land) or actions taken with respect to the resource base (e.g., modernize x square footage, convert y enrollees to a different plan) are classified as outputs or outcomes.

## **AN EXAMPLE OF OUTCOME, OUTPUT, IMPACT, AND INPUT MEASURES FOR A HYPOTHETICAL DISEASE ERADICATION PROGRAM:**

**Outcome:** Completely eradicate tropical spastic paraparesis (which is a real disease transmitted by human-to-human contact) by 2005

**Outputs:** 1.) Confine incidence in 1996 to only three countries in South America, and no more than 5,000 reported cases. (Some would characterize this step toward eradication as an intermediate outcome.)

2.) Complete vaccination against this retrovirus in 84 percent of the Western hemispheric population by December 1995.

**Inputs:** 1.) 17 million doses of vaccine

2.) 150 health professionals

3.) \$30 million in FY 1996 appropriations

**Impact:** Eliminate a disease that affects 1 in every 1,000 people living in infested areas, which is progressively and completely disabling, and with annual treatment costs of \$1,600 per case.

**AN EXAMPLE OF OUTCOME, OUTPUT, IMPACT, AND INPUT MEASURES FOR A JOB TRAINING PROGRAM:**

**Outcome:** 40 percent of welfare recipients receiving job training are employed three months after receiving job training.

**Output:** Annually provide job training and job search assistance to 1 million welfare recipients within two months of their initial receipt of welfare assistance.

**Input:** \$300 million in appropriations

**Impact:** Job training increases the employment rate of welfare recipients from 30 percent (the employment level of comparable welfare recipients who did not receive job training) to 40 percent (the employment rate of those welfare recipients who did receive job training).

**AN EXAMPLE OF OUTCOME, OUTPUT, IMPACT, AND INPUT MEASURES FOR A TECHNOLOGY PROGRAM:**

**Outcome:** Orbit a manned spacecraft around Mars for 30 days in 2010 and return crew and retrieved Martian surface and subsurface material safely to Earth.

**Output:** (For FY 2007) Successfully complete a 900 day inhabited flight test of the Mars Mission Module in lunar orbit in the third quarter of CY 2007.

**Input:** Delivery of 36 EU-funded Mars Surface Sample Return probes from the Max Planck Institute in Germany.

**Impact:** A comprehensive understanding of the biochemical, physical and geological properties of the Martian surface and subsurface to a 35 meter depth. Detection of any aerobic or anaerobic life forms (including non-carbon based, non-oxygen dependent forms) in the Martian surface crust.

**AN EXAMPLE OF OUTCOME, OUTPUT, IMPACT, AND INPUT MEASURES FOR AN ENVIRONMENTAL RESOURCES PROGRAM:**

**Outcome:** Restore the 653,000 square hectare Kolbyduke Paleoartic Biome Reserve to a pre-Mesolithic state, and preserve it in that state.

**Output:** (In FY 2002) Eradication on all non-native plants from 51,000 square hectares, for a cumulative eradication of non-native plants from 38 percent of the Reserve.

**Input:** (In FY 2002) Donation of 22,000 volunteer workhours from four wildlife organizations.

**Impact:** The protection of this biome as one of three internationally-designated Paleoartic biomes and perpetuating it as a research site for studies of the pre-historic ecological equilibrium.

## II. Complexities of Measurement

**A. FUNCTIONAL AREAS.** Some types of programs or activities are particularly difficult to measure.

**Basic Research**, because often:

- likely outcomes are not calculable (can't be quantified) in advance;
- knowledge gained is not always of immediate value or application
- results are more serendipitous than predictable;
- there is a high percentage of negative determinations or findings;
- the unknown cannot be measured.
- (Applied research, applied technology, or the "D" in R&D is more readily measurable because it usually is directed toward a specific goal or end.)

**Foreign Affairs**, especially for outcomes, to the extent that:

- the leaders and electorate of other nations properly act in their own national interest, which may differ from those of the United States (e.g., Free Territory of Memel does not agree with US policy goal of reducing US annual trade deficit with Memel to \$1 billion);
- US objectives are stated as policy principles, recognizing the impracticality of their universal achievement;

- goal achievement relies mainly on actions by other countries (e.g., by 1999, Mayaland will reduce the volume of illegal opiates being transhipped through Mayaland to the US by 65 percent from current levels of 1250 metric tons).

**Policy Advice**, because often:

- it is difficult to calculate the quality or value of the advice;
- advice consists of presenting competing views by different parties with different perspectives;
- policy advice may be at odds with the practicalities of political advice.

**Block Grants**, to the extent that:

- funds are not targeted to particular programs or purposes;
- the recipient has great latitude or choice in how the money will be spent;
- there is little reporting on what the funds were used for or what was accomplished.

**B. BY TYPE OF MEASURE**. Some measures are harder to measure than others. Some of the difficulties include:

**For outcome, output, and impact measures**

- Direct Federal accountability is lessened because non-Federal parties (other than those under a procurement contract) are responsible for the administration or operation of the program.
- The magnitude and/or intrusiveness of the performance reporting burden.
- The nature and extent of performance validation or verification requires a substantial effort.
- Individual accountability or responsibility is diffuse.

**For outcome measures**

- Timetable or dates for achievement may be sporadic.
- Achievement often lags by several years or more after the funds are spent.

- Results frequently are not immediately evident, and can be determined only through a formal program evaluation.
- Accomplishment is interrupted because of intervening factors, changes in priorities, etc.
- Changing basepoints can impede achievement (e.g., recalculation of eligible beneficiaries).
- Achievement depends on a major change in public behavior.
- The outcome is for a cross-agency program or policy, and assigning relative contributions or responsibilities to individual agencies is a complex undertaking.

### **For output measures**

- Equal-appearing outputs are not always equal (e.g., the time and cost of overhauling one type of jet engine can be very different from another type of jet engine).
- It may be difficult to weight outputs to allow different (but similar appearing) outputs to be combined in a larger aggregate.
- Many efficiency and effectiveness measures depend on agencies having cost accounting systems and the capability to allocate and cumulate costs on a unit basis.

### **For impact measures**

- Impacts are often difficult to measure.
- A large number of other variables or factors contribute to or affect the impact, and which can be difficult to separate out when determining causality.
- Federal funding or Federal program efforts are of secondary or even more marginal significance to the achieved outcome.
- Determining the impact can be very expensive, and not commensurate with the value received from a policy or political standpoint.
- Holding a manager accountable for impacts can be a formidable challenge.

### **For input measures**

- The measurement itself should not be complicated, but the alignment of inputs with outputs can be difficult.

### III. Emphasized Measures in GPRA

A. GPRA emphasizes the use and reporting of performance measures that managers use to manage. There are several reasons for this emphasis:

GPRA increases the accountability of managers for producing results.

Underscores that these measures are central to an agency's capacity and approach for administering programs and conducting operations.

- Because of this, the amount of additional resources to develop and improve performance measurement and reporting systems should be rather limited.
- The conundrum is that agencies requesting large amounts of additional resources would be conceding either that their programs were not being managed, or were being managed using an inappropriate or poor set of performance measures.

B. As output measures are more readily and easily developed than outcome measures, more of these are expected initially in the GPRA-required performance plans, but agencies should move toward increasing the number and quality of outcome measures.

### IV. Selected Examples of Various Types of Performance Measures

**Please Note:** For the purpose of these examples:

Some of the outcome measures are much more narrowly defined than would otherwise be appropriate or expected.

Some of the outcome measures are not inherently measurable, and would require use of supplementary performance indicators to set specific performance targets and determine whether these were achieved.

Some measures include several aspects of performance. Italics are used to feature the particular characteristic of that example.

Many of the examples of output measures are process or attribute measures.

## ***"TRADITIONAL" PRODUCTION OR DELIVERY TYPE MEASURES***

### **Production**

Output: *Manufacture and deliver 35,000 rounds of armor-piercing 120mm projectiles shells in FY 1997.*

Outcome: *Produce sufficient 120 mm armor-piercing projectiles to achieve a 60 day combat use supply level by 1999 for all Army and Marine Corps tank battalions.*

### **Transaction processing**

Output: *Process 3.75 million payment vouchers in FY 1995.*

Outcome: *Ensure that 99.5 percent of payment vouchers are paid within 30 days of receipt.*

### **Records**

Output: *Update earnings records for 45 million employee contributors to Social Security Trust Fund.*

Outcome: *Ensure that all earnings records are posted and current within 60 days of the end of the previous quarter.*

### **Service Volume**

Output: *Provide meals and temporary shelter for up to 18 months for 35,000 homeless individuals for up to 18 months following the Short Beach tsunami disaster.*

Outcome: *Maintain a capacity to provide, nationally, meals and temporary shelter for an indefinite period for up to 100,000 individuals who are homeless as a result of major disasters.*

### **Workload (Not otherwise categorized)**

Output: *Annually inspect 3200 grain elevators.*

Outcome: *Through periodic grain elevator inspection, reduce the incidence of grain dust explosions resulting in catastrophic loss or fatalities to zero.*

### **Frequency rates**



Output: *Issue 90 day national temperature and precipitation forecasts every six weeks.*

Outcome: *Provide users of meteorological forecasts with advance information sufficiently updated to be useful for agricultural, utility, and transportation planning.*

### **Inventory fill**

Output: *Store a minimum of 3.5 million barrels of petroleum stock.*

Outcome: *Petroleum stocks shall be maintained at a level sufficient to provide a 60 day supply at normal daily drawdown.*

## ***OPERATING-TYPE MEASURES***

### **Utilization rates**

Output: *Operate all tactical fighter aircraft simulator training facilities at not less than 85 percent of rated capacity.*

Outcome: *Ensure optimized operation of all simulator facilities to provide all active duty tactical fighter aircraft pilots with a minimum of 80 hours of simulator training every 12 months.*

### **Out-of-service conditions**

Output: *All Corps of Engineer locks on the Showme River basin shall be operational during at least 22 of every consecutive 24 hours.*

Outcome: *Ensure no significant delays in commercial traffic transiting through the Showme River basin system.*

### **Maintenance and Repair Intervals**

Output: *All out-of-service aircraft requiring unscheduled repairs shall be repaired within 72 hours.*

Outcome: *The Forest Service will maintain 90 percent of its 135 firefighting aircraft in an immediately deployable status during forest fire season.*

## ***QUALITY-TYPE MEASURES***

### **Defect rates**

Output: *Not more than 1.25 percent of 120 mm armorpiercing projectiles shall be rejected as defective.*

Outcome: *No armor-piercing ammunition projectiles fired in combat shall fail to explode on impact.*

### **Mean Failure rates**

Output: *Premature space Shuttle main engine shutdown shall not occur more than once in every 200 flight cycles.*

Outcome: *Space Shuttle shall be maintained and operated so that 99.95 percent of all flights safely reach orbit.*

### **Accuracy**

Output: *The initial monthly estimate of the previous month's value of exports shall be within one percent of the revised final value.*

Outcome: *All preliminary, periodic estimates of economic activity shall be within three percent of the final value.*

### **Error Rates**

Output: *Not more than four percent of initial determinations of the monthly entitled benefit amount shall be incorrectly calculated.*

Outcome: (Not commonly measured as an outcome.)

## ***CUSTOMER-RELATED MEASURES***

### **Complaints**

Output: *Not more than 2.5 percent of individuals seeking information will subsequently re-request the same information because the initial response was incomplete.*

Outcome: (Not commonly measured as an outcome.)

**Customer Satisfaction Levels** (Output and outcome measures may often be indistinguishable.)

Output: *In 1998, at least 75 percent of individuals receiving a service will rate the service delivery as good to excellent.*

Outcome: *At least 90 percent of recipients will rate the service delivery as good to excellent.*

### **Timeliness**

#### **Response times**

Output: *Adjudicative decision on all claim disallowances will be made within 120 days of appeal hearings.*

Outcome: *Provide every claimant with timely dispositive determination on claims filed.*

#### **Adherence to schedule**

Output: *Operate 95 percent of all passenger trains within 10 minutes of scheduled arrival times.*

Outcome: *Provide rail passengers with reliable and predictable train service.*

### **Responsiveness**

Output: *98 percent of notices to the Department of Transportation of navigational hazards will result both in an on-site inspection of the hazard and Notice to Mariners within 48 hours of receipt of the notice*

Outcome: *Ensure prompt response to potential public safety concerns in the navigation of coastal and off-shore waters.*

## ***EFFICIENCY AND EFFECTIVENESS MEASURES***

### **Efficiency**

Output: *Annual transaction costs/production costs/delivery of service costs projected on a per unit basis. Produce 35,000 rounds of armor-piercing ammunition at a cost of \$17.75 per round.*

Outcome: *(Not commonly measured as an outcome.)*

### **Effectiveness**

Output: IN FY 1999, *not more than 7,000 in-patients* in military hospitals will be readmitted, post discharge, for further treatment of the same diagnosed illness at the time of initial admission.

Outcome: Annually, *initial treatment* will be therapeutically *successful for 85 percent* of all hospital admissions.

## ***OTHER TYPES OF MEASURES***

### **Milestone and activity schedules**

Output: *Complete 85 percent of required flight-worthiness testing for Z-2000 bomber by July 30, 1999.*

Outcome: The Z-2000 *bomber* will be flight-certified and *operational by December 1, 2000.*

### **Design Specifications**

Output: Imaging *cameras* on Generation X observational satellite will have *resolution of 0.1 arc second.*

Outcome: Generation X observational satellite will successfully map 100 percent terrain of six Jovian moons to a resolution of 100 meters.

### **Status of conditions**

Output: In 1995, *repair and maintain 1,400 pavement miles* of Federally-owned highways *to a rating of "good"*.

Outcome: By 2000, *35 percent of all Federally-owned highway pavement miles* shall be *rated as being in good condition.*

### **Percentage coverage**

Output: Provide *doses of vaccine to 27,000 pre-school children* living on tribal reservations.

Outcome: *100 percent* of children living on tribal reservations will be *fully immunized* before beginning school.

# The Lingo

## Words you may need to know...

(Adapted from the Dept. of Treasury and Finance of Tasmania.

<http://www.treasury.tas.gov.au/domino/dtf/dtf.nsf/03b2a1d6613ba1894a2566bf001d6c3f/3fd01dff12836ef64a2566dd000cd01b>)

<i>Accountability Reporting</i>	Measures used for accountability reporting are concerned with measuring either something that an agency's managers need to know, or something that is required to be reported externally.
<i>Activity</i>	What an agency does to convert inputs to Outputs.
<i>Appropriateness</i>	The extent to which the intended outcomes (or the objectives) for an Output are the correct ones; that is, whether they match the real needs of clients and stakeholders. Appropriateness may focus on whether objectives for the service have been met, or on the way that the service meets its objectives. Measures of appropriateness address questions such as whether there are realistic alternatives to government provision and funding of the Output, and whether the Output is aligned with government policy priorities. Appropriateness can be measured in terms of adequacy, relevance, sustainability, and policy or outcome achievement.
<i>Benchmarking</i>	A systematic process to identify and introduce best practice into an organization by making valid comparisons with other processes or organizations.
<i>Benchmarks</i>	Standards derived from the performance levels achieved by other Government agencies in comparable jurisdictions, by businesses in the private sector, by Government agencies in the same jurisdiction, or by other sections in an agency. Benchmarks are used as best practice standards, or as challenging target for performance.
<i>Budgeting for Outputs</i>	The process of allocating resources on the basis of the Output to be produced or delivered.
<i>Budget Information</i>	Information which is used in the resource allocation process.
<i>Business Plan</i>	Strategic and/or annual operating plans for an agency or business unit. These plans specify the goods and services to be provided and costs.
<i>Community Outcomes</i>	High level policy objectives of the Government derived from the Government's perception of community expectations.
<i>Clients/Customers</i>	The people, organizations and government agencies that use services or consume goods provided by an agency.
<i>Criteria</i>	Provide the basis for establishing how performance against a measure is to be judged. Criteria can be in the form of targets, standards or benchmarks. They are derived from stakeholders' expectations for the performance of the Output.
<i>Deliverable</i>	A tangible or intangible object produced as a result of the project that is intended
<i>Direct costs</i>	Direct costs are expenses that are directly accountable to the Output. Direct costs can include the costs of intermediate Outputs produced within an agency.
<i>Direct measures</i>	Direct measures provide evidence of the actual results of specific activities,

processes or Output delivery systems. They focus on what has been achieved in relation to targets and provide information about what has been done, what has been delivered, the demand for the service and the workload involved. Direct Measures are not indicator of performance. They actually measure whether the Output has been provided as intended. They are the measures used when providing information about the quantity (eg volume, level of supply); cost (eg cost per unit and total cost); timeliness (eg delivery and/or response time); and other aspects of quality (eg to an agreed standard) of a good or service.

<i>Economy</i>	Economy focuses on the input-use achieved in delivering a service. It is a direct measure defined as 'cost per unit of input' and is about minimizing the use of resources.
<i>Effectiveness</i>	The extent to which objectives are being achieved. Effectiveness is determined by the relationship between an organization and its external environment. Effectiveness indicators relate Outputs to impacts and to outcomes. They can measure the steps along the way to achieving an overall objective or an Outcome, and test whether Outputs have the characteristics required for achieving a desired objective or a Government Outcome.
<i>Efficiency</i>	Efficiency is about producing more services or better quality services with the same or fewer resources. Efficiency is determined mainly by the internal structure and operations of an organization. Efficiency indicators relate resource input to resulting Outputs. They indicate how well an activity or operation is being performed.  Measures of efficiency can focus on either operational or outcome efficiency.
<i>Evaluation</i>	Evaluation is the process of determining merit, worth and value. In relation to the measurement of Output performance, evaluation is a systematic and disciplined process through which trustworthy information is gathered to enable judgments to be made about appropriateness, effectiveness, efficiency, responsiveness and social justice.
<i>Indirect (relational) measures</i>	Measure how well results at one level in the process of providing an Output translate into results at the next level of performance. Indicators are indirect or relational measures.
<i>Indicator</i>	See <i>Performance Indicators</i> and <i>Indirect measures</i> .
<i>Indirect Costs</i>	Costs that relate to more than one Output, such as the salary of the Head of Agency. There is no direct relationship between the cost and one Output. Indirect costs include costs that have in the past been referred to as overheads, such as the provision of support services (for example Corporate Services).
<i>Inputs</i>	Items such as labor, materials, office space and other non-capital or non-balance sheet items purchased by the agency for use in producing an Output.
<i>Intermediate Outputs; Sub-Outputs</i>	Goods and services produced by or delivered within an agency which in combination with other internally delivered goods or services, contribute to the provision of Outputs. They are the 'output' of sub-systems within an agency (for example 'trained staff' or 'research reports') that become inputs to systems that produce the Outputs provided to external clients.
<i>Internal Management Measures</i>	Measures that focus on those things that need to be monitored, contained or managed within the agency.
<i>Measure</i>	A measure identifies the focus for measurement: it specifies what is to be measured.

<i>Measurement Procedure</i>	An explanation of how and when required information is to be collected and reported, which identifies who is to be involved in the process of collecting and reporting, and specifies a process for ensuring that both the data and the measure are updated on a regular basis.
<i>Outcomes</i>	<ol style="list-style-type: none"> <li>1. High level and long term policy objectives of the Government derived from the Government's perception of community expectations</li> <li>2. The short to medium term results desired by Government that are expected to be achieved largely through the resourcing of Government agencies to produce specified Outputs</li> <li>3. Intended impact or effect on the community of the activities and policies of Government.</li> </ol>
<i>Outputs</i>	Goods and services provided by an agency for clients outside the agency.
<i>Output Aggregation</i>	<p>The level at which an Output is specified for a particular decision making or accountability purpose.</p> <p>An Output specified at a very general level represents the aggregation of a number of Outputs that will have been specified in detail for other purposes.</p>
<i>Output Adequacy Measure</i>	Information about effort and performance relative to measures of community need or demand.
<i>Output Costs</i>	The cost of producing an Output consists of both direct and indirect expenses (see also Direct Costs; Indirect Costs).
<i>Output Groups</i>	Groups of homogenous Outputs which contribute to a common service, have the same clients, and usually relate to a discrete <i>Government Outcome (qv)</i> . [Groups are aggregated Outputs.
<i>Output Methodology</i>	Managing an agency (or whole-of-Government) through focusing on the goods and services (the Outputs) delivered for external clients, and on ensuring that client needs are satisfied, within a framework of policy objectives specified as Outcomes. The methodology involves the processes of Outcome clarification, Output specification and costing; resource allocation; and performance specification and measurement. The major vehicles for managing by Outputs are Corporate Plans and Business Plans, Operational Plans; Purchase, Service, Performance and Ownership Agreements, Budget information, quarterly reporting, Annual Reports, and performance management processes.
<i>Output Delivery(or Production) System</i>	The processes through which an Output is produced and delivered.
<i>Overheads</i>	See <i>Indirect Costs</i>
<i>Performance</i>	Achievement in relation to objectives, plans or intentions.
<i>Performance Criteria</i>	<p>Criteria provide the basis for establishing how performance against a particular measure is to be compared and judged. They represent an agreement about desired levels of performance based on the expectations of clients and key stakeholders.</p> <p>Performance criteria are usually expressed in the form of standards, targets, or benchmarks. They can be specified in quantitative terms or as qualitative statements of expectation.</p>
<i>Performance indicators</i>	<ol style="list-style-type: none"> <li>1. Explicit statements that define how success is to be measured, and identify the criteria, or benchmarks, to be used in judging success. They are expressed in the form of an index, a ratio, a per unit measure or some</li> </ol>

other form of comparison.

2. Information about a selected aspect of performance, collected in order to assess performance against predetermined targets, which enables a relationship to be inferred between what is measured and other aspects of the agency. Indicators enable general inferences to be made about agency performance; it is the inference that is of major interest, not the information about the specific aspect measured. Performance indicators provide a guide to performance where causal links are not obvious and where changes in performance are difficult to measure directly.

<i>Performance Information</i>	Quantitative and qualitative information collected systematically and used as evidence for making judgments about achievement in relation to objectives, plans or intentions. It is information about performance that is suitable for use as evidence in making decisions. Performance information consists of a measure, criteria, contextual and explanatory information, underpinned by a clearly defined measurement procedure.
<i>Performance Measurement</i>	Any activity through which performance is gauged.
<i>Performance Measures</i>	<ol style="list-style-type: none"><li>1. Explicit statements that define how success is to be measured, and identify the criteria, or benchmarks, to be used in judging success.</li><li>2. Discrete and predetermined information collected in order to assess performance against targets.</li></ol>
<i>Performance Information Management System</i>	A systematic process for managing the development and use of performance information on an ongoing basis. The management system consists of a strategic plan, a framework for the performance information, a guideline for developing performance indicators, a set of performance indicators, and a process for managing the information. The management system should be part of the agency's corporate and operational planning, reviewing and reporting processes.
<i>Policy Objectives</i>	The Government's high level, intended Outcomes for the community. Both the public and the private sector contribute to the achievement of policy objectives through the provision of goods and services.
<i>Processes</i>	The operational policies, strategies, procedures, rules and regulations used by agencies.
<i>Productive Efficiency</i>	Information about how effort is organized so as to get best performance and adequacy. Productive efficiency is measured in terms of the ratio of inputs needed per unit of Output produced and the relationship between variations in the mix of inputs and variations in the mix of Outputs.
<i>Provider</i>	The provider is the agent who delivers the agreed Outputs.
<i>Purchaser</i>	The purchaser is the agent who decides what will be produced and the criteria (standards and targets) for judging performance.
<i>Quality of Service</i>	Service quality relates to the characteristics by which an organization, product or service is judged by clients or stakeholders. The dimensions of quality that performance measures can cover include: accuracy, completeness, accessibility, timeliness, risk coverage, compliance with legal standards and satisfaction of client needs.
<i>Relevance</i>	The relationship between intended result and actual impact, measured either quantitatively or qualitatively.
<i>Resource Allocation</i>	The process by which the Government makes decisions on allocating the funds, or the use of the funds, to purchase goods and services for achieving policy objectives.



<i>Responsiveness</i>	Indicators of ‘responsiveness’ measure the extent to which the demand and preferences of the public are satisfied. They focus on the quality of service or the standard of service.
<i>Service agreements; Service Level Agreements</i>	<ol style="list-style-type: none"> <li>1. Intra public sector contracts; and intra-agency contracts.</li> <li>2. Formal arrangements entered into by a purchaser and a provider for the purchase of Outputs.</li> <li>3. Explicit or implicit contracts in which the purchasing agency, or section, ‘exchanges’ budgetary funds for the delivery of specified services by the provider agency or section.</li> </ol> <p>Intra-public sector and intra-agency service agreements are based on the creation of an internal exchange relationship through the separation of purchaser, funder and needs assessment responsibilities from the service provision and management responsibilities.</p>
<i>Social Justice Measures</i>	Sometimes referred to as equity measures. These measures focus on the social impact of a service in terms of equity of service delivery, and equality of access and participation. These indicators measure the distribution of services, especially in relation to demographic characteristics and in accordance with various generally accepted criteria of fairness.
<i>Stakeholders</i>	People, organizations and agencies, other than those that are clients or customers, whose interests are affected by the provision of Outputs.
<i>Standards</i>	<p>Predefined levels of excellence or performance. Standards are often specified as minimum levels of excellence or performance.</p> <p>Standards relate to specific aspects of a product or service, such as the level and quality of client service, and can also be set for inputs, processes, various aspects of service delivery, and objectives.</p> <p>For Outputs, standards are set with the aim of defining a level of performance that is appropriate for the service and is expected to be achieved.</p>
<i>Standard of Service Measures</i>	Measures of the quality of service to clients focus on aspects such as client satisfaction with the way they are treated; comparison of current standards of service with past standards; and appropriateness of the standard of service to client needs.
<i>Sustainability</i>	The persistence of impact or results over time.
<i>Targets</i>	Targets are agreed levels of performance to be achieved within a specified period of time. Targets are usually specified in terms of the actual quantitative results to be achieved or in terms of productivity, service volume, service-quality levels or cost effectiveness gains. Agencies are expected to assess progress and manage performance against targets. A target can also be in the form of a standard or a benchmark.
<i>Workload Measures</i>	Measure process and effort. Examples of workload measures are throughputs, production rates, and activity counts. These measures provide evidence of how hard people are working and are useful in managing an organization. They may also provide information helpful in understanding the performance of an agency and the context within which it operates. However, they do not measure performance and, therefore, do not provide evidence about whether the agency is accomplishing anything.
<i>Accountability Reporting</i>	Measures used for accountability reporting are concerned with measuring either something that an agency’s managers need to know, or something that is required to be reported externally.

